

Economic Impact Statement

LSA Document #16-434

IC 4-22-2.1-5 Statement Concerning Rules Affecting Small Businesses**1. An estimate of the number of small businesses, classified by industry sector, that will be subject to the proposed rule.**

The secretary of state's office currently licenses approximately 180 watercraft dealers. Based on historical data (licenses issued in the past 5 years), the secretary of state's office expects to add approximately fewer than 10 new licensees each year. The secretary of state's office does not know for certain, but the office's experience is that the overwhelming majority of licensees are small businesses as defined by [IC 5-28-2-6](#).

2. An estimate of the average annual reporting, record keeping, and other administrative costs that small businesses will incur to comply with the proposed rule.

Compliance with the proposed rule should not result in any annual reporting, record keeping, or other administrative costs as the rule does not impose any new reporting, record keeping, or administrative requirements.

3. An estimate of the total annual economic impact that compliance with the proposed rule will have on all small businesses subject to the rule.

The secretary of state's office estimates that there will be minimal economic impact that compliance with the rule will have on small businesses subject to the rule. The only new requirements being imposed are with regard to the documentation submitted with the initial license application and the license renewal application. The only possible cost that may be imposed is copying costs. Assuming a rate of \$1/page, the secretary of state's office is only requiring a total of 4 documents between the 2 application procedures. The renewal application requires 2 documents, which is a total annual economic impact of three hundred sixty dollars (\$360). The total annual economic impact for new licensees, who need to submit 2 pages (assuming the front and back of the identification are copied on separate pages), would only be twenty dollars (\$20). Even assuming that those new licensees may be required to renew their license the same year they receive their license adds only another \$20 to the annual economic impact. The secretary of state's office accepts scanned and emailed versions of documents as well as faxes, so these costs can be easily avoided.

All the location requirements already exist in the current version of [75 IAC 5-2-1](#). The rule has just been re-drafted to be easier to read/understand.

4. A statement justifying any requirement or cost that is imposed on small businesses by the rule, and not expressly required by the statute authorizing the agency to adopt the rules, or any other state or federal law.

The secretary of state's office is required by [IC 9-32-11-8](#) to adopt rules establishing requirements for initial application and renewal of a dealer's license. The requirements imposed for initial licensure is intended to ensure that licenses are not issued to fraudulent identities or businesses.

The requirements imposed for the renewal requirements come from the statutory requirements that a dealer maintain insurance ([IC 9-32-11-14](#)) and a bond ([IC 9-32-11-2](#)).

5. Regulatory Flexibility Analysis

Analysis of less intrusive or less costly alternative methods of achieving the purpose of the proposed rule:

A. Establishment of less stringent compliance or reporting requirements for small businesses.

It is the secretary of state's office perspective that the proposed rule represents the least restrictive compliance requirements. The requirements imposed by the proposed rule represent the minimum standards for operating as a legitimate, customer-friendly business.

B. Establishment of less stringent schedules or deadlines for compliance or reporting requirements for small businesses.

The secretary of state's office generally allows current dealers one license year to come into compliance before taking enforcement against a dealer for noncompliance. However, the secretary of state's office does not anticipate that any current dealers will have trouble bringing themselves into compliance as the initial application and renewal requirements imposed are already required as a matter of policy.

C. Consolidation or simplification of compliance or reporting requirements for small businesses.

The secretary of state's office believes that the proposed rule represents the simplest version of the office's desired requirements and the simplest way to achieve the desired outcome.

D. Establishment of performance standards for small businesses instead of design or operational standards imposed on other regulated entities by the rule.

It has been the secretary of state's experience that the imposition of design standards is the only way to ensure that dealers are legitimate operations and have safe, appropriate spaces for consumers. The secretary of state's office is unable to use performance standards as a measure for new businesses applying for initial licensure, as there is no performance to measure. Dealers are statutorily required to maintain bond and insurance – performance standards cannot serve as a substitute for that.

E. Exemption of less stringent schedules or deadlines for compliance or reporting requirements for small businesses.

The secretary of state's office does have the ability to grant an exemption for part of the requirements.

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